



**New York
Liquidation Bureau**

Maria T. Vullo
Superintendent as Receiver

December 12, 2016

By Hand and Electronic Filing

The Hon. Carol R. Edmead
Supreme Court of the State of New York, New York County
60 Centre Street, Room 532
New York, New York 10007

Re: *In the Matter of the Liquidation of Health Republic Insurance of New York, Corp.*
Index No. 450500/2016

Dear Justice Edmead:

I am writing on behalf of the Superintendent of Financial Services of the State of New York in her capacity as Liquidator ("Liquidator") of Health Republic Insurance of New York, Corp. ("Health Republic") to update you on the selection of a claims auditor in the Health Republic liquidation.

As requested by the Court, the Liquidator posted a Request for Proposal for a Health Insurance Claims Auditor on the Health Republic and New York Liquidation Bureau websites for 20 days. The Liquidator received a single proposal from Truven Health Analytics ("Truven") to audit 100 percent of the submitted medical claims for payment under Health Republic insurance policies ("Policy Claims"), currently estimated at 700,000 claims, for a quoted price of \$102,000¹. Following an internal review process, it was determined that Truven's proposal was consistent with the specified scope of the project and within a reasonable price range. The audit is expected to begin in January and should, barring unforeseen events, permit the Liquidator to begin issuing claims determinations in the form of Explanations of Benefits/Allowances ("EOBs") in the second quarter of 2017. The Liquidator is currently drafting an engagement letter and working to migrate the claims data to Truven before the end of December in order to avoid incurring additional data transfer expenses.

Truven has 20 years of experience in performing comprehensive audits of medical and pharmacy benefits administrators and has performed similar audits for governmental agencies. Truven will review all unpaid Policy Claims for the period January 1, 2014 through November

¹ Truven's proposal quotes a base price of \$79,500, which includes the review of 21 unique plan designs and a \$2,500 charge for each additional plan. The Health Republic audit includes 30 plan designs, resulting in a charge for the additional 9 plans of \$22,500. The total estimated cost for the project with the additional charges is \$102,000. Additional adjustments may be required as a result of the final agreement.

30, 2015, that were previously examined and recommended for allowance or disallowance by Health Republic's claims administrator. The audit will assess and determine, among other things, whether the administrator's claims determinations were in compliance with plan designs, benefits, exclusions and eligibility requirements, as well as establishing criteria for investigation and recovery efforts.

The selection of Truven represents a significant step toward resolving the outstanding Policy Claims. The audit will permit the Liquidator to promptly issue EOBs where the administrator's initial determination of the Policy Claim is found to have been correct. In cases where the audit identifies potential errors in the initial determination, additional work may be required to review eligibility, pricing or other factors prior to the issuance of EOBs.

While the audit is in progress, the Liquidator will submit to the Court a proposal for referees and medical reviewers to resolve disputed determinations or medical necessity issues, as contemplated by the Claims Adjudication Procedures approved by the Court. This will permit the appeals process to commence promptly upon issuance of the EOBs.

As set forth in the Claims Adjudication Procedures, the Liquidator will also provide to the Court on a periodic basis a list of Policy Claims that have been examined or resolved by mutual consent. In addition, once the Liquidator has an opportunity to review a representative number of claims determinations and objections, she intends to submit an Initial Court Report, as is typical in liquidation proceedings, setting out the claims reviewed, assets recovered and expenses paid thus far in the proceeding.

We look forward to working with the Court on an expeditious completion of the liquidation.

Respectfully Submitted,



David Axinn
Special Deputy Superintendent and
Agent of the Liquidator